

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 86 Ill. Adm. Code 495 (This is a GIL).

November 30, 1999

Dear Ms. Xxxxx:

This letter is in response to your letter dated September 2, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

COMPANY, is a manufacturer and wholesaler of personal and homecare products. These products are sold throughout the United States to independent distributors, who both wholesale to other COMPANY distributors and retail to consumers. COMPANY also provides services for our distributors to retail.

COMPANY has a sales tax agreement with your state to act as the collection agent on all sales of COMPANY products and services sold by distributors in your state.

To insure compliance with your state sales tax laws, we request a ruling on the tax status of the following service:

Messaging Service

We believe that the above service may be exempt from sales tax or may be at a reduced rate in your state. To assist you in making your determination, I have enclosed a copy of the sales literature for the NAME services. Please direct your reply to the attention of the undersigned. If you have any further questions regarding this matter, please contact me at your convenience.

Thank you for your cooperation.

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 86 Ill. Adm. Code 495, enclosed. "Telecommunications," as defined in Section 2(c) of the Act, includes

"without limitation, messages or information transmitted through the use of local, toll and wide area telephone service; private line services; channel services, telegraph services; teletypewriter; ... cellular mobile telecommunications service ... or any other transmission of messages or information by electronic or similar means, between or among points by wire, cable, fiber-optics, laser, microwave, radio, satellite or similar facilities." 35 ILCS 630/2 (1998 State Bar Edition).

Pursuant to Section 495.100(a), "gross charge" means the amount paid for the act or privilege of originating or receiving telecommunications in this State and for all services and equipment provided in connection therewith by a retailer, valued in money, whether paid in money or otherwise, including cash credits, services and property of every kind or nature, and shall be determined without any deduction on account of the cost of such telecommunications, the cost of material used, labor or service cost or any other expense whatsoever.

As a general proposition, charges for voice mail services are not subject to Telecommunications Excise Tax if they are disaggregated from transmission charges and separately identified in the books and records of the retailer. Regulation 86 Ill. Adm. Code 495.100(c) states in part that: "Charges for answering services, for example, whether provided electronically or by live operators, represent charges for the storage of information or data for subsequent retrieval, and are not subject to tax, provided that these charges, if provided in connection with taxable telecommunications, are disaggregated and separately identified in the books and records of the retailer." If voice mail charges are not disaggregated from transmission charges, they are subject to tax.

When the same retailer provides voice mail and transmission services, the voice mail charges are subject to tax unless they are disaggregated and separately identified from the transmission charges in the books and records of the retailer. When voice mail and transmission services are provided by separate providers, and billed by the separate providers, the voice mail charges would meet the disaggregation requirement and would not be included in gross charges subject to tax. When voice mail and transmission services are provided by separate providers but charges for both are billed by one of the providers, the voice mail charges would meet the disaggregation requirement and would not be included in gross charges subject to tax as long as they can be separately identified from the transmission charges in the books and records of the providers.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

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If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.